

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

BEDFORD TWP HOUSING COMMISSION

Financial Statements

September 30, 2006

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

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John C. DiPiero, P.C.

Certified Public Accountant

P. O. Box 378
Hemlock, Michigan 48626
Tel / Fax (989) 642-2092

Board of Commissioners
Bedford Twp Housing Commission
8745 Lewis Avenue
Temperance, Michigan 48182

Independent Auditor's Report

I have audited the Business Type Activities of the Bedford Twp. Housing Commission as of and for the year ended September 30, 2006. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bedford Twp. Housing Commission as of September 30, 2006, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, if fairly stated in all material respects in relation to the financial statements taken as whole.

The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 14, 2006 on my consideration of the Bedford Twp. Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Certified Public Accountant

December 14, 2006

This discussion and analysis of the Bedford Twp Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the financial statements.

Entity-Wide Statements

The combined financial statements show, in one place, all the Commission's operations. Our statements are prepared on the accrual basis of accounting, which is similar to that used by most businesses. Under this method, all revenues and expenses connected with the fiscal year are taken into account even if the cash involved has not actually been received or paid. The Financial Data Schedule included within the audit report contains all the programs of the Commission.

Fund Statements

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Proprietary Fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Entity-Wide Financial Highlights

The Commission was awarded and received the following Federal Assistance:

	<u>Year 2006</u>	<u>Year 2005</u>
Operating Subsidies	\$ 84,840	\$ 79,043
Capital Projects Funds	131,295	323,736

Comparison of the current year to the past and discussion of significant changes as follows:

	<u>Year 2006</u>	<u>Year 2005</u>	<u>Net Change</u>
Cash & cash equivalents	\$ 183,260	\$ 98,992	84,268
Accounts Receivable	3,222	764	2,458
Investments	98,015	94,876	3,139
Fixed Assets, prior to Depreciation	4,083,915	4,047,021	36,894
Total Liabilities	40,305	42,697	(2,392)
Net Assets	1,888,896	1,889,775	(879)

	<u>Year 2006</u>	<u>Year 2005</u>	<u>Net Change</u>
Revenues:			
Tenant Revenues	222,809	221,176	1,633
HUD Grants	216,135	402,779	(186,644)
Expenses:			
Administrative	129,384	127,150	2,234
Tenant Services	24,997	19,955	5,042
Utilities	44,994	42,795	2,199
Maintenance & Operations	107,789	108,093	(304)
Protective Services	2,260	2,260	0
General Expenses	31,107	29,732	1,375
Depreciation Expense	130,012	111,896	18,116

The Commission's cash position increased \$ 84,268 and our investment in fixed assets before depreciation increased \$ 36,894; both the increase in cash and fixed assets are the result of a net profit before depreciation of \$ 129,133. Other increases include a small increase in investments \$ 3,139 and accounts receivable \$ 2,458.

HUD grants received are a result of calculations under the Performance Funding System, and Capital grants authorized and obligated during the year. During fiscal year 2005 we completed our office renovations and garage addition; during the current year we only drew down the balance of the 2005 CFP and part of the 2006 CFP for operations; therefore HUD grants dropped significantly (\$186,644). Other income statement line items did not change significantly except for depreciation expense; the office and garage increased the annual depreciation charged.

The Commission provided the following housing for low to moderately low income families:

	<u>Year 2006</u>	<u>Year 2005</u>
Low Rent Public Housing	97	97

General Fund Budgetary Highlights

The Commission approved an operating budget on April 18, 2005 for the fiscal year ending September 30, 2006; the original budget was revised on September 18, 2006 to more closely reflect the actual results.

Although a revised budget was prepared, no changes were made.

The following represents the significant changes from the final budget to the actual results:

	<u>Actual Results</u>	<u>Final Budget</u>	<u>Difference</u>
Compensated Absences	\$ (2,662)	\$ 1,000	\$ (3,662)
Maintenance Labor & Benefits	\$ 67,700	\$ 81,340	\$ (13,640)
Utilities	44,994	46,330	(1,336)
Non Routine Expenditures	2,458	37,110	(34,652)
Net Income (Loss) before Depreciation	129,133	72,000	57,133

We did not hire the maintenance person as full time until late in the summer, therefore, the cost we budgeted for did not materialize during the fiscal year. Non Routine maintenance was postponed until next fiscal year; we anticipate the repairs will be charged to the 2006 CFP.

Entity Wide Capital Assets

The fixed assets increased \$ 36,894 prior to depreciation. The additions were for electrical work in the office and garage additions \$ 24,036 and landscaping and parking lot repairs \$ 6,040.

The Commission intends on using the 2006 Capital fund for kitchen & bathroom renovations, \$ 69,305; it may require using the 2007 capital fund as well to complete the project.

Commission's Position

As stated above, the Commission has plans to renovate the kitchens and bathrooms in the units over the next fiscal year using our Capital Funds.

HUD has changed the funding process from a fiscal year to a calendar year and plans on implementing asset management; we do not believe the changes will adversely affect our operation since we are a small agency, however, more changes are being suggested which may impact our operation. Housing Commission's in general are awaiting the final rules for funding and budgeting and will continue to work with HUD to implement their plans.

We anticipate current funding levels for operations and capital improvements will remain consistent with past years; therefore, the Commission expects to continue to provide safe, sanitary and decent housing for the low and moderately low income elderly families.

Questions or comments concerning this Management Discussion and Analysis may be directed to:

Susan Soda, Executive Director
8745 Lewis Avenue
Temperance, Michigan 48182

BEDFORD TWP HOUSING COMMISSION
Statement of Net Assets
September 30, 2006

ASSETS

C-3180

CURRENT ASSETS

Cash	\$	183,260	
Accounts Receivable		3,222	
Investments		98,015	
Prepaid Expenses		<u>12,807</u>	
Total Current Assets	\$		297,304

NON CURRENT ASSETS

Land	\$	47,487	
Buildings		3,201,863	
Furniture, Equipment- Dwellings		51,240	
Furniture, Equipment- Administrative		99,281	
Construction in Progress		684,044	
Accumulated Depreciation		<u>(2,452,018)</u>	
Total Non Current Assets			<u>1,631,897</u>

TOTAL ASSETS \$ 1,929,201

BEDFORD TWP HOUSING COMMISSION
Statements of Net Assets
September 30, 2006

LIABILITIES

C-3180

CURRENT LIABILITIES

Accounts Payable	\$	8,571	
Accrued Wages & Payroll Taxes		2,758	
Accrued Compensated Absences		3,749	
Tenants Security Deposit		24,730	
Deferred Revenue		<u>497</u>	
<u>Total Current Liabilities</u>	\$		40,305

NET ASSETS

Investment in Fixed Assets, net of related Debt	\$	1,631,897	
Unrestricted Net Assets		<u>256,999</u>	
<u>Total Net Assets</u>			<u>1,888,896</u>

TOTAL LIABILITIES & NET ASSETS \$ 1,929,201

The Accompanying Notes are an Integral part of the Financial Statements

BEDFORD TWP HOUSING COMMISSION
Statement of Revenue, Expenses, and Changes in Net Assets
For the year ended September 30, 2006

OPERATING REVENUE

Tenant Rental Revenue	\$ 222,022	
Tenant Revenue-Other	787	
HUD Grants	210,095	
Interest Income	3,019	
Other Income	<u>30,159</u>	
<u>Total Operating Revenue</u>		\$ 466,082

OPERATING EXPENSES

Administrative	\$ 129,384	
Tenant Services	24,997	
Utility Expenses	44,994	
Ordinary Maintenance	107,789	
General Expenses	<u>33,367</u>	
<u>Total Operating Expenses</u>		<u>340,531</u>
<u>Operating Income (Loss)</u>		\$ 125,551

NONOPERATING REVENUE (EXPENSES)

Extraordinary Maintenance	\$ (2,458)	
Depreciation Expenses	<u>(130,012)</u>	
<u>Total NonOperating Revenue (Expenses)</u>		<u>(132,470)</u>
<u>Income (Loss) before Contributions</u>		\$ (6,919)

CAPITAL CONTRIBUTIONS

		<u>6,040</u>
<u>Changes in Net Assets</u>		\$ (879)
Total Net Assets- Beginning		<u>1,889,775</u>
Total Net Assets- Ending		\$ <u>1,888,896</u>

The Accompanying Notes are an Integral part of the Financial Statements

BEDFORD TWP HOUSING COMMISSION
Statement of Cash Flows
For the Year Ended September 30, 2006

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 222,555
Payments to Suppliers	(201,493)
Payments to Employees	(148,543)
HUD Grants	216,135
Other Receipts (Payments)	<u>33,178</u>
Net Cash Provided (Used) by Operating Activities	\$ 121,832

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	\$ <u>(37,564)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 84,268
Balance- Beginning of Year	<u>98,992</u>
Balance- End of Year	\$ <u>183,260</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$ (879)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	130,012
Changes in Assets (Increase) Decrease:	
Receivables (Gross)	(2,458)
Investments	(3,139)
Prepaid Expenses	688
Changes in Liabilities Increase (Decrease):	
Accounts Payable	1,856
Accrued Liabilities	(126)
Compensated Absences	(2,662)
Security Deposits	(1,458)
Deferred Revenue	<u>(2)</u>
Net Cash Provided by Operating Activities	\$ <u>121,832</u>

The Accompanying Notes are an Integral part of the Financial Statements

BEDFORD TWP HOUSING COMMISSION
Notes to Financial Statements
September 30, 2006

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity-

Bedford Twp. Housing Commission, Temperance, Michigan, (Commission) was created by ordinance of the city of Temperance. The Commission signed and Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 156-001	Low rent program	97 units
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In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. The Financial Data Schedule lists all the programs of the Reporting Entity including component units should they exist, as defined above. Based on the above criteria, there are no component units.

These criteria were considered in determining the reporting entity.

Basis of Presentation-

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Notes to Financial Statements- continued

Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes.

Basis of Accounting-

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1998, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1998, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, provided they do not conflict with Governmental Accounting Standard Board (GASB) pronouncements.

Budgetary data-

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

Assets, Liabilities, and Net Assets-

Deposits & Investments

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

Notes to Financial Statements- continued

Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is reported as Invested in Capital Assets, Net of Related Debt.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

Compensated Absences

Sick leave and other compensated absences with similar characteristics have been accrued as a liability. The amount accrued was based on the probability that the Commission will compensate the employees for the benefits through cash payments as a condition of the employees' termination or retirement.

Note 2: Cash and Investments.

The composition of cash and investments are as follows:

Cash:

General Fund Checking Account	\$ 95,602
Petty Cash	100
Cash equivalent, reclassified below	<u>87,558</u>
Financial Statement Total	<u>\$ 183,260</u>

Investments:

Certificates of Deposit	\$ 98,015
Savings Account	<u>87,558</u>
Financial Statement Total	\$ 185,573
Cash equivalents, reclassified above	<u>(87,558)</u>
Financial Statement Total	<u>\$ 98,015</u>

Notes to Financial Statements- continued

Generally the Commission classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Commission's name.
- 2) Uninsured or unregistered, held by a broker in the Commission's name.
- 3) Uninsured or unregistered, held by a broker not in the Commission's name.

	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash:					
Checking A/C's	\$ 95,602	\$	\$	\$ 95,602	\$ 95,602
Petty Cash	100			100	100
Savings Accounts	87,558			87,558	87,558
Total Cash	<u>\$ 183,260</u>	<u>\$</u>	<u>\$</u>	<u>\$ 183,260</u>	<u>\$ 183,260</u>

Investments:

C/D's	\$ <u>98,015</u>	\$ <u></u>	\$ <u></u>	\$ <u>98,015</u>	\$ <u>98,015</u>
Total Invest	<u>\$ 98,015</u>	<u>\$</u>	<u>\$</u>	<u>\$ 98,015</u>	<u>\$ 98,015</u>

In addition to the above analysis, the Commission has adopted an investment policy as required by P.A. 196 of 1997; Michigan Compiled Law 129.95.

Note 3: Accounts Receivable

Tenants accounts receivable consists of the following:

Accounts Receivable- Tenants	\$ 841
Accounts Receivable- Other	
Accounts Receivable- HUD	\$ 1,950
Accounts Receivable- Accrued Interest Rec	<u>431</u>
Financial Statement Total	<u>\$ 3,222</u>

Notes to Financial Statements- continue

Note 4: Fixed Asset Analysis.

The following represents the changes in fixed assets for the year:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 47,487	\$	\$	\$ 47,487
Buildings	3,177,827	24,036		3,201,863
Furniture & Equipment-Dwellings	50,330	910		51,240
Furniture & Equipment-Admin	93,374	6,577	670	99,281
Leasehold Improvements	<u>678,003</u>	<u>6,041</u>		<u>684,044</u>
	\$ 4,047,021	\$ 37,564	\$ 670	\$ 4,083,915
Less Accumulated Depreciation	<u>2,322,676</u>	<u>130,012</u>	<u>670</u>	<u>2,452,018</u>
	\$ <u>1,724,345</u>	\$ <u>(92,448)</u>	\$	\$ <u>1,631,897</u>

Note 5: Pension Plan

The Bedford Township Housing Commission contributes to a Simplified Employee Pension Plan, (SEPP). The Commission pays 13 % of all eligible employees wages to the fund. Employees are 100 % vested as soon as they are eligible. Eligibility requirements are as follows: full time employee, over 21 years of age, and have completed the probationary period of 20 months.

Note 6: Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Commission purchases commercial insurance to cover the risks of these losses. The Commission had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 5,339,380
General Liability	1,000,000
Automobile Liability	1,000,000
Dishonesty Bond	1,000,000
Worker's Compensation and other riders: minimum coverage's required by the State of Michigan	

Note to Financial Statements- continued

Note 7: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Note 8: Combining Financial Data Schedules.

The totals in the combining Balance Sheet and Combining Income Statement represent unconsolidated totals. Under principals of consolidation, inter fund transactions would be eliminated; the totals in the combined statements follow the financial data schedule format recommended by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).

Bedford Twp Housing Commission

30-Sep-06

MI-156

	Account Description	Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	ASSETS:			
	CURRENT ASSETS:			
	Cash:			
111	Cash - unrestricted	183,260		183,260
112	Cash - restricted - modernization and developme		-	-
113	Cash - other restrictec			-
114	Cash - tenant security deposit	-	-	-
100	Total cash	183,260	-	183,260
	Accounts and notes receivables			
121	Accounts receivable - PHA project			-
122	Accounts receivable - HUD other project		1,950	1,950
124	Accounts receivable - other governmer			-
125	Accounts receivable - miscellaneou	-	-	-
126	Accounts receivable- tenants - dwelling rent	841		841
126.1	Allowance for doubtful accounts - dwelling rent	-		-
126.2	Allowance for doubtful accounts - othe	-		-
127	Notes and mortgages receivable- curren			-
128	Fraud recovery			-
128.1	Allowance for doubtful accounts - fraud			-
129	Accrued interest receivabl	431		431
120	Total receivables, net of allowances for doubtful account	1,272	1,950	3,222
	Current investments			-
131	Investments - unrestrictec	98,015		98,015
132	Investments - restrictec			-
142	Prepaid expenses and other asset	12,807	-	12,807
143	Inventories	-	-	-
143.1	Allowance for obsolete inventorie	-	-	-
144	Interprogram - due from	1,950	-	1,950
146	Amounts to be providec			-
150	TOTAL CURRENT ASSETS	297,304	1,950	299,254
	NONCURRENT ASSETS:			
	Fixed assets:		-	
161	Land	47,487	-	47,487
162	Buildings	3,201,863	-	3,201,863
163	Furniture, equipment & machinery - dwelling	51,240	-	51,240
164	Furniture, equipment & macinery - administratio	99,281	-	99,281
165	Leasehold improvement:	678,004	6,040	684,044
166	Accumulated depreciatio	(2,452,018)	-	(2,452,018)
160	Total fixed assets, net of accumulated depreciatio	1,625,857	6,040	1,631,897
171	Notes and mortgages receivable - non-curren			-
172	Notes and mortgages receivable-non-current-past du			-
174	Other assets			-
175	Undistributed debits			-
176	Investment in joint venture:			-
180	TOTAL NONCURRENT ASSETS	1,625,857	6,040	1,631,897
190	TOTAL ASSETS	1,923,161	7,990	1,931,151

	LIABILITIES AND EQUITY:			
	LIABILITIES:			
	CURRENT LIABILITIES			
311	Bank overdraft			-
312	Accounts payable ≤ 90 days	8,571	-	8,571
313	Accounts payable > 90 days past due		-	-
321	Accrued wage/payroll taxes payable	2,758	-	2,758
322	Accrued compensated absence	3,749	-	3,749
324	Accrued contingency liability			-
325	Accrued interest payable			-
331	Accounts payable - HUD PHA program			-
332	Accounts Payable - PHA Project			
333	Accounts payable - other government	-	-	-
341	Tenant security deposits	24,730	-	24,730
342	Deferred revenues	497	-	497
343	Current portion of Long-Term debt - capital project		-	-
344	Current portion of Long-Term debt - operating borrowing			-
345	Other current liabilities			-
346	Accrued liabilities - other	-		-
347	Inter-program - due to	-	1,950	1,950
310	TOTAL CURRENT LIABILITIES	40,305	1,950	42,255
	NONCURRENT LIABILITIES:			
351	Long-term debt, net of current- capital project			-
352	Long-term debt, net of current- operating borrowing			-
353	Noncurrent liabilities- other	-		-
350	TOTAL NONCURRENT LIABILITIES		-	-
300	TOTAL LIABILITIES	40,305	1,950	42,255
	EQUITY:			
501	Investment in general fixed asset			-
	Contributed Capital:			
502	Project notes (HUD)			-
503	Long-term debt - HUD guarantee	-	-	-
504	Net HUD PHA contributions	-		-
505	Other HUD contributions			-
507	Other contributions	-		-
508	Total contributed capital	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	1,625,857	6,040	1,631,897
	Reserved fund balance			-
509	Reserved for operating activities			-
510	Reserved for capital activities	-		-
511	Total reserved fund balance	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-
512.1	Unrestricted Net Assets	256,999		256,999
513	TOTAL EQUITY	1,882,856	6,040	1,888,896
600	TOTAL LIABILITIES AND EQUITY	1,923,161	7,990	1,931,151

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Bedford Twp Housing Commission

30-Sep-06

MI-156

Combining Income Statement		Low Rent 14.850	Capital Projects Funds 14.872	TOTAL
Line Item #				
	REVENUE:			
703	Net tenant rental revenue	222,022		222,022
704	Tenant revenue - other	787	-	787
705	Total tenant revenue	222,809	-	222,809
706	HUD PHA grants	84,840	131,295	216,135
708	Other government grants			-
711	Investment income - unrestricted	3,019	-	3,019
712	Mortgage interest income	-		-
714	Fraud recovery			-
715	Other revenue	30,159		30,159
716	Gain or loss on the sale of fixed asset			-
720	Investment income - restricted			-
700	TOTAL REVENUE	340,827	131,295	472,122
	EXPENSES:			
	Administrative			
911	Administrative Salaries	89,039	-	89,039
912	Auditing Fees	2,400		2,400
913	Outside management fee			-
914	Compensated absence	(2,662)		(2,662)
915	Employee benefit contributions-administrative	17,475	-	17,475
916	Other operating administrative	21,182	1,950	23,132
	Tenant services			
921	Tenant services - salaries	-	-	-
922	Relocation costs		-	-
923	Employee benefit contributions- tenant service	-	-	-
924	Tenant services - other	24,997	-	24,997
	Utilities			
931	Water	19,124	-	19,124
932	Electricity	13,942	-	13,942
933	Gas	11,928	-	11,928
934	Fuel			-
935	Labor			-
937	Employee benefit contributions- utilities			-
938	Other utilities expense	-		-
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	59,504	-	59,504
942	Ordinary maintenance and operations - materials & other	20,402	-	20,402
943	Ordinary maintenance and operations - contract cost	19,687	-	19,687
945	Employee benefit contributions- ordinary maintenance	8,196	-	8,196
	Protective services			
951	Protective services - labor			-

[illegible]

BEDFORD TWP HOUSING COMMISSION
Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
September 30, 2006

I have audited the financial statements of Bedford Twp. Housing Commission, Temperance, Michigan, as of and for the year ended September 30, 2006, and have issued my report thereon dated December 14, 2006. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bedford Twp. Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bedford Twp. Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Certified Public Accountant

December 14, 2006

BEDFORD TWP HOUSING COMMISSION
Status of Prior Audit Findings
September 30, 2006

The prior audit of the Bedford Township Housing Commission for the period ended September 30, 2005, did not contained any audit findings or questioned cost.

1) Summary of Auditor's Results:

	Major Program	Non Major Program
Low income Public Housing Capital Projects		X
		X

Non Compliance material to financial statements noted	Yes	X	No
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The Auditee did qualify as a low risk auditee.